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Intelligence Alert Memorandum: Portugal: Battle Lines Drawn 18 Jul 75

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

18 July 1975

MEMORANDUM FOR: The Honorable Henry A. Kissinger
 Assistant to the President
 (National Security Affairs)

SUBJECT : Intelligence Alert Memorandum:
 Portugal: Battle Lines Drawn

1. The political scene in Portugal is now in a critical phase that could be explosive. With the departure of the Socialists and Popular Democrats from the coalition and the collapse of the government, the battle lines have been drawn; the outcome could determine the direction Portugal is likely to go for some time to come; and there is considerable potential for violence.

2. One important new ingredient is the greater degree of vigor that seems to have been injected into the Socialists and other moderates since they moved into active opposition. Another is the degree of rapport and coordination that has been achieved between the Socialists and influential military leaders, including some members of the Revolutionary Council. Another key factor is the growing tendency to accuse leftist-leaning Prime Minister Goncalves and his Communist advisers of attempting to take complete control of the country. Together with this goes the widespread appreciation that much needed economic assistance could be gotten from Western Europe, if the Portuguese can demonstrate that democracy is not a lost cause in their country.

3. There are signs that the Communists are running scared. Although they dominate the media and trade union movement, support for the Communists among the populace at large seems on the wane. More important, Communist influence within the AFM is in some jeopardy, particularly in view of Goncalves' exposed position. Current Soviet actions suggest that Moscow, which watches the situation carefully, shares the PCP's alarm.

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4. The Communists seem to be gearing up for a major effort to protect their position. Part of this effort involves, for example, counteraction to Socialist rallies this weekend, and this could easily get out of hand. There is little likelihood that military/security forces -- themselves divided -- would be able to prevent violence from erupting.

5. We have sketchy reports that many civilians have weapons and that political groups, especially on the left, have arms stored to pass to their supporters in a serious confrontation. The possibility of widespread violence or armed factional strife has increased. Penetrations in the Portuguese military could frustrate any effort to counter a Communist move to seize power by force. In addition, if armed clashes broke out, rightist and exile groups might decide that the climate was ripe for an effort to regain power. A move by Azorean separatists to take advantage of the situation would complicate matters further.

6. We have already reported preparations by moderate officers to move against Goncalves. At latest report, President Costa Gomes has decided to support such a move, which may come as early as tomorrow. Until now the track record of the moderates in following through has been poor. The present circumstances seem altered enough, however, to suggest that the moderates may see little alternative to pressing their aims forcefully.

7. In the event Goncalves and his Communist supporters come out best in the struggle for power, they might well disband the constituent assembly and abandon all pretense of democratic pluralism. This, of course, would have considerable international impact, particularly in the period leading up to the CSCE summit in Helsinki planned for 30 July. Or matters may be approaching a denouement at that time -- perhaps amid widespread violence -- and this could also cast a pall over the proceedings planned for Helsinki.

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8. The Intelligence Community is keeping the situation under close watch.



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W. E. Colby



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